

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-11 EUR-25 EA-11 ADP-00 SSO-00 NSCE-00

INRE-00 USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-02 INR-10 L-03 LAB-06 NSAE-00 NSC-10 PA-03

RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

PRS-01 OMB-01 AF-10 NEA-10 /187 R

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY BUENOS AIRES IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

INFO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

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INFORM CONSULS

E.O. 11652: N/A

TAGS: EAGR, ETRD, EGEN

SUBJ: SYSTEM OF EXPORT CONTROLS ON SOYBEANS AND
COTTONSEEDS ANNOUNCED

1. FOLLOWING IS TEXT OF ANNOUNCEMENT MADE BY THE
DEPARTMENT OF COMMERCE AT 3:30 P.M. TODAY (JULY 2),
WASHINGTON TIME, REGARDING THE NEW EXPORT CONTROL SYSTEM
ON SOYBEANS, SOYBEAN MEAL, COTTONSEED AND COTTONSEED MEAL.
BEGIN TEXT. EFFECTIVE AT 3:30 P.M. EDT TODAY (JULY 2),
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THE U.S. DEPARTMENT OF COMMERCE REPLACED ITS JUNE 27

EMBARGO ON EXPORTS OF SOYBEANS, COTTONSEED AND RELATED PRODUCTS WITH A SYSTEM OF VALIDATED LICENSES.

VALIDATED LICENSES WILL BE REQUIRED FOR SOYBEANS AND SOYBEAN OIL-CAKES AND MEAL, AND FOR COTTONSEED AND COTTONSEED OIL-CAKES AND MEAL.

THE EMBARGO HAS BEEN TERMINATED FOR SOYBEAN AND COTTONSEED OILS. NO VALIDATED LICENSE IS REQUIRED FOR THOSE PRODUCTS.

THE NEED FOR VALIDATED LICENSING CONTROLS WAS DETERMINED ON THE BASIS OF THE DEPARTMENT OF COMMERCE'S EXPORT REPORTING SYSTEM, ANNOUNCED ON JUNE 13, WHICH REQUIRED EXPORTERS TO REPORT ANTICIPATED EXPORTS OF SPECIFIED AGRICULTURAL COMMODITIES AS OF THAT DATE. THESE

AND OTHER GOVERNMENT REPORTS REVEALED EXTREMELY TIGHT SUPPLIES OF SOYBEANS AND CERTAIN RELATED PRODUCTS, UNTIL THIS FALL'S CROPS ARE HARVESTED. WHETHER CONTROLS WILL BE NECESSARY AFTER THAT TIME WILL DEPEND ON THE SIZE OF THE FALL HARVEST, THE LEVEL OF EXPORT DEMAND, AND THE LEVEL OF PRICES IN THE UNITED STATES.

HAD THE GOVERNMENT NOT ACTED TO REGULATE MOVEMENT IN THESE COMMODITIES, THERE WAS CONCERN IN SOME QUARTERS THAT AVAILABLE WORLDWIDE STOCKS WOULD NOT HAVE BEEN ADEQUATE TO COVER AUGUST REQUIREMENTS INTERNATIONALLY.

IN THE CASE OF SOYBEANS, AND SOYBEAN OIL-CAKES AND MEAL, THE COMMERCE DEPARTMENT HAS ESTABLISHED ALLOCATION PERCENTAGES FOR EXPORT LICENSING CONSISTENT WITH AVAILABLE EXPORT SUPPLIES AND DOMESTIC REQUIREMENTS. LICENSES FOR THESE COMMODITIES WILL BE ISSUED ON A CONTRACT-BY-CONTRACT BASIS. EACH CONTRACT FOR SOYBEAN EXPORT WILL BE REDUCED TO 50 PERCENT OF THE QUANTITY ORIGINALLY SCHEDULED FOR DELIVERY. EACH CONTRACT FOR SOYBEAN OIL-CAKE AND MEAL WILL BE REDUCED TO 40 PERCENT OF THE ORIGINAL QUANTITY. LICENSES FOR SOYBEANS WILL EXPIRE ON SEPTEMBER 15 AND FOR OIL-CAKE AND MEAL ON OCTOBER 15. LICENSES FOR COTTONSEED AND COTTONSEED UNCLASSIFIED

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OIL-CAKE AND MEAL WILL BE ISSUED FOR THE FULL QUANTITY OF THE UNSHIPED BALANCES OF THE CONTRACTS IN FORCE AS OF JUNE 13, 1973. LICENSES FOR COTTONSEED WILL BE VALID THROUGH AUGUST 15. LICENSES FOR COTTONSEED OIL-CAKE AND MEAL WILL BE VALID THROUGH OCTOBER 15.

EXPORTERS WHO REPORTED THEIR ANTICIPATED EXPORTS IN COMPLIANCE WITH THE EXPORT REPORTING SYSTEM ARE

ELIGIBLE FOR LICENSING BY THE COMMERCE DEPARTMENT'S OFFICE OF EXPORT CONTROL (OEC). THE APPLICATION FOR LICENSE MUST BE SUPPORTED BY PHOTOSTATS OR CERTIFIED COPIES OF CONTRACT FROM EXPORTERS, PLUS SUMMARIES OF ALL UNSHIPED CONTRACTS ENTERED INTO ON OR BEFORE JUNE 13, CALLING FOR DELIVERY TO FOREIGN BUYERS. LICENSE APPLICATIONS TOGETHER WITH DOCUMENTATION WILL BE ACCEPTED AFTER 3:30 P.M. EDT JULY 2.

AN INTERAGENCY WORKING GROUP CONSISTING OF REPRESENTATIVES FROM THE COUNCIL ON ECONOMIC POLICY, THE COUNCIL ON INTERNATIONAL ECONOMIC POLICY, THE NATIONAL SECURITY COUNCIL, THE COST OF LIVING COUNCIL, THE COUNCIL OF ECONOMIC ADVISORS, AND THE DEPARTMENT OF STATE, COMMERCE, AND AGRICULTURE DEVELOPED THE LICENSING SYSTEM. AFTER CONSIDERING DOMESTIC REQUIREMENTS, IT WAS DETERMINED THAT APPROXIMATELY 33 MILLION BUSHELS OF SOYBEANS WERE

AVAILABLE FOR EXPORT, REPRESENTING 50 PERCENT OF THE VOLUME OF OUTSTANDING CONTRACTS FOR THE REMAINDER OF THE CROP YEAR. FOR SOYBEAN OIL-CAKE AND MEAL, THE QUANTITY AVAILABLE FOR EXPORT WAS DETERMINED TO BE 750,000 SHORT TONS. THIS WAS 40 PERCENT OF THE REPORTED UNSHIPED CONTRACTS.

WHILE THE EMBARGO HAS BEEN LIFTED ON SOYBEAN AND COTTON-SEED OILS, THE EXPORT REP

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